

COMMITTEE SUBSTITUTE

FOR

# **H. B. 2962**

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(BY DELEGATE WHITE)

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(Originating in the House Committee on Finance)

[March 29, 2013]

A BILL to amend the Code of West Virginia, 1931, as amended, by adding thereto a new section, designated §11-13A-22, relating to exemptions from the tax on the privilege of severing natural gas and oil; terminating a severance tax exemption for natural gas or oil produced from any horizontally drilled well that has not produced marketable quantities for five consecutive years immediately preceding the year in which such well is placed back into production and thereafter produces marketable quantities of natural gas or oil; defining terms; providing an exception thereto; and specifying a controlling effective date.

*Be it enacted by the Legislature of West Virginia:*

That the Code of West Virginia, 1931, as amended, be amended by adding thereto a new section, designated §11-13A-22, to read as follows:

**ARTICLE 13A. SEVERANCE AND BUSINESS PRIVILEGE TAX ACT.**

**§11-13A-22. Termination of exemption.**

1       (a) On and after July 1, 2013, the exemption set forth in  
2       subdivision (4), subsection (a), section three-a of this article is  
3       void and of no force or effect with respect only to horizontally  
4       drilled wells. However, if a well for which the producer estab-  
5       lished entitlement to that exemption on or before June 30, 2013,  
6       the exemption from tax continues for natural gas or oil produced  
7       from that well for the remainder of the ten-year period for which  
8       the exemption was originally applicable.

9       (b) As used in this section, the term:

10       (1) “Horizontally drilled well” or “horizontal well” means  
11       any well that is drilled initially on a vertical plane, but eventually  
12       curved to become horizontal, or nearly horizontal, to parallel or  
13       intersect a particular geologic formation or formations, for the  
14       purpose of maximizing the length and contact of the wellbore

15 that is exposed to the formation or formations. The terms  
16 “horizontally drilled well” or “horizontal well” includes a  
17 multilateral well.

18 (2) “Multilateral well” means a single well with more than  
19 one horizontal, or nearly horizontal, well bores or branches  
20 drilled from the single main bore and connected within the well  
21 to the main borehole or well bore.

22 (c) Pursuant to section five-p, article ten of this chapter,  
23 termination of the exemption set forth in subdivision (4),  
24 subsection (a), section three-a of this article on and after July 1,  
25 2013, is subject to the controlling internal effective date of this  
26 section and is not subject to the alternative effective date  
27 provisions of section five-p, article ten of this chapter.

